

Dennis C Prouty  
Director  
515/281-5279  
dennis.prouty@legis.state.ia.us

**STATE OF IOWA  
LEGISLATIVE FISCAL BUREAU**

State Capitol  
Des Moines, Iowa  
50319

**MEMORANDUM**

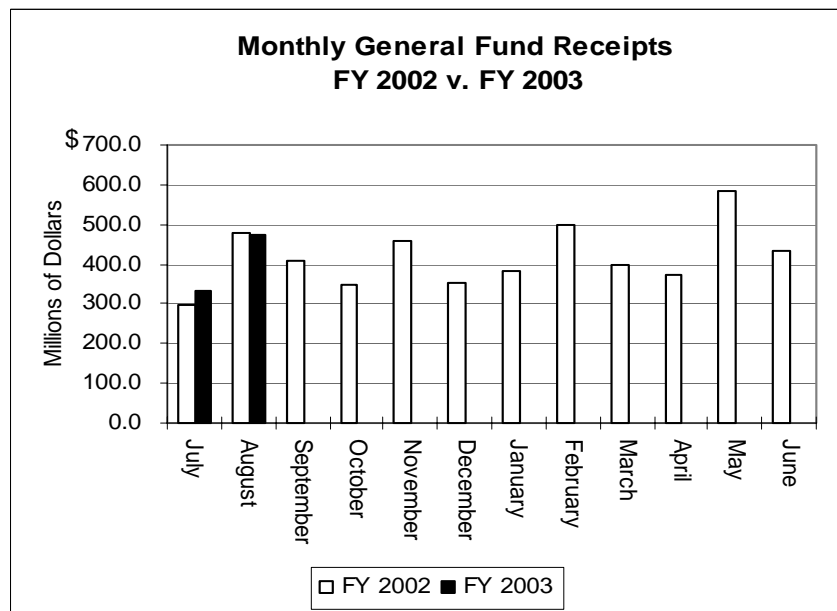
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: September 3, 2002

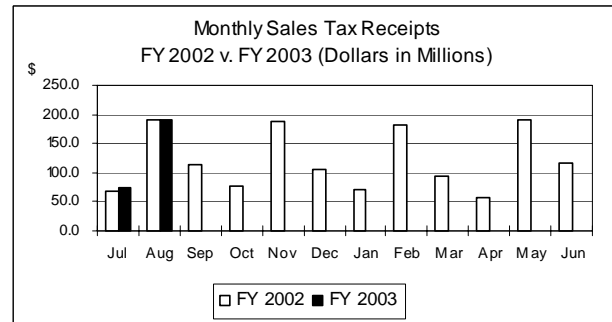
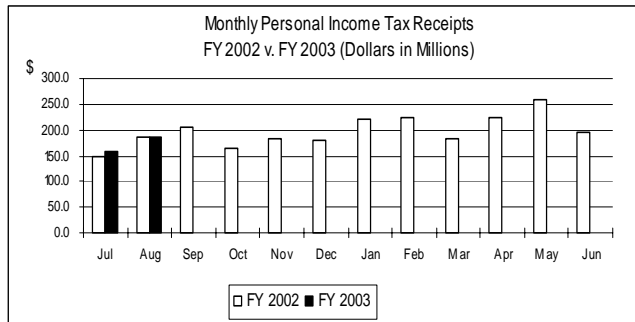
**Monthly General Fund Receipts through August 31, 2002**

The attached spreadsheet represents total FY 2003 estimated General Fund receipts, with comparable figures for actual FY 2002. These can be compared to the FY 2003 estimate (\$4.952 billion) set by the Revenue Estimating Conference (REC) on May 7, 2002. The estimate represents a decrease of \$55.2 million (- 1.1%) compared to actual FY 2002. The REC will review the FY 2003 estimates on September 6, 2002.



## FY 2003 Compared to FY 2002

Year-to-date FY 2003 revenue has increased \$26.9 million (3.5%) compared to FY 2002. This is above the REC estimate of - 1.1% for FY 2003.



**Gross personal income tax** revenues received in August totaled \$186.4 million, an increase of \$100,000 (0.1%) compared to August 2001.

The REC FY 2003 income tax estimate of \$2.371 billion represents a projected decrease of 0.1% compared to actual FY 2002. The actual year-to-date change in personal income tax is currently 3.6%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in August increased 1.3% compared to August 2001.

Estimated tax payments in August decreased 26.2% compared to August 2001.

Tax payments with returns in August decreased 53.1% compared to August 2001. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2002 with FY 2003.

**Sales tax** revenues received in August totaled \$190.3 million, a decrease of \$0.4 million (- 0.2%) compared to August 2001.

The REC estimate for FY 2003 sales tax receipts is \$1.459 billion, which represents an increase of 0.4% compared to actual FY 2002. The actual year-to-date growth in sales tax is currently 1.2%.

The Chart above compares monthly sales tax receipts for FY 2002 with FY 2003.

**Use tax** revenues received in August totaled \$24.5 million, a decrease of \$2.6 million (- 9.6%) compared to August 2001.

The REC estimate for FY 2003 use tax receipts is \$236.8 million, which represents a decrease of 0.7% compared to actual FY 2002. The actual year-to-date growth in use tax is currently 7.5%.

**Corporate income tax** receipts in August were \$16.5 million, an increase of \$7.8 million (89.7%) compared to August 2001.

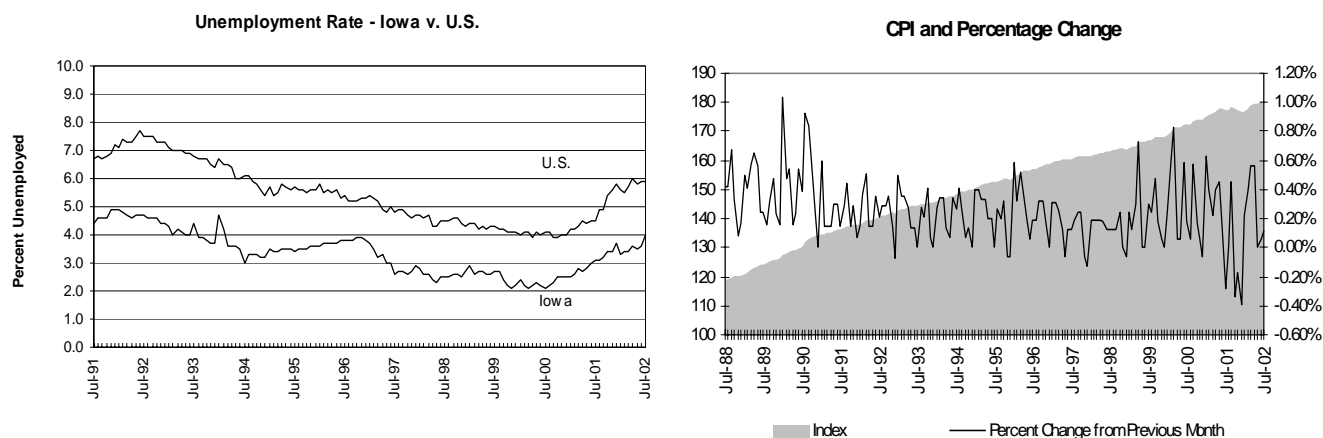
The REC projected FY 2003 corporate income tax receipts at \$202.7 million, a decrease of 8.4% compared to actual FY 2002. The actual year-to-date growth in corporate income tax is currently 50.2%.

## Status of the Economy

The July seasonally adjusted State unemployed rate increased to 4.0% from the June level of 3.6%. The unemployment rate a year ago was 3.4%. Iowa's total adjusted July employment registered at 1,564,100, up 29,500 from last year's level. The number of unemployed persons in Iowa was recorded at 65,000 in July, which is up 11,100 compared to last year's level. The amount of unemployed workers in July increased 5,800 from last month's level. The U.S. unemployment rate in July remained at 5.9% from the June level. The U.S. unemployment rate a year ago was 4.6%.

Consumer prices increased in July from the June level by 0.1%. The Consumer Price Index (CPI-U) through July 2002 was 180.1 (1983=100), which is 1.5% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through July 2002.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's website at: <http://staffweb.legis.state.ia.us/lfb/>.

GENERAL FUND RECEIPTS - FY 2002 vs. FY 2003 July 1 through August 31, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 02 Actual Compared to FY 03 REC Estimate		
	FY 2002	FY 2003	Year to Date % CHANGE	August % CHANGE	Actual FY 2002	Estimate FY 2003	% CHANGE
Personal Income Tax	\$ 333.3	\$ 345.3	3.6%	0.1%	\$ 2,372.0	\$ 2,370.5	-0.1%
Sales Tax	260.2	263.4	1.2%	-0.2%	1,453.0	1,458.9	0.4%
Use Tax	46.7	50.2	7.5%	-9.6%	238.5	236.8	-0.7%
Corporate Income Tax	21.7	32.6	50.2%	89.7%	221.3	202.7	-8.4%
Inheritance Tax	20.7	15.2	-26.6%	-38.9%	100.4	89.6	-10.8%
Insurance Premium Tax	0.0	0.7	n/m	n/m	135.4	145.0	7.1%
Cigarette Tax	16.4	15.9	-3.0%	3.4%	88.0	87.2	-0.9%
Tobacco Tax	1.2	1.3	8.3%	16.7%	7.1	7.2	1.4%
Beer Tax	2.6	2.7	3.8%	7.7%	13.8	13.6	-1.4%
Franchise Tax	3.0	3.5	16.7%	-66.7%	30.9	28.6	-7.4%
Miscellaneous Tax	2.3	1.5	-34.8%	-46.2%	1.5	1.3	-13.3%
Total Special Taxes	\$ 708.1	\$ 732.3	3.4%	0.0%	\$ 4,661.9	\$ 4,641.4	-0.4%
Institutional Payments	8.4	4.7	-44.0%	-89.1%	48.6	44.8	-7.8%
Liquor Transfers:							
Profits	5.0	5.0	0.0%	0.0%	38.5	39.0	1.3%
7% Gross Revenue	1.5	1.5	0.0%	0.0%	9.0	9.0	0.0%
Interest	-0.2	5.9	-3050.0%	-633.3%	25.3	8.0	-68.4%
Fees	10.0	12.6	26.0%	20.3%	70.2	63.5	-9.5%
Judicial Revenue	6.2	6.4	3.2%	25.0%	51.9	51.0	-1.7%
Miscellaneous Receipts	8.9	10.1	13.5%	-32.4%	42.1	35.6	-15.4%
Racing and Gaming Receipts	28.2	24.5	-13.1%	-14.0%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 776.1	\$ 803.0	3.5%	-1.3%	\$ 5,007.5	\$ 4,952.3	-1.1%